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SNAR, OVIP, OSCI, OEXC, OPRC

SUBJECT: Ambassador Attends Post-Election Business Conference,
Discusses Anti-Americanism, Military Cooperation in Mar del Plata

Summary

¶1. (SBU) During Argentina's major private sector conference, November 7-8, former Brazilian President Cardoso subtly warned about the need to control inflation, and Argentine business leaders discussed privately with the Ambassador whether president-elect Christina Fernandez de Kirchner will carry out needed policy changes. Ambassador Wayne took advantage of this visit to Mar del Plata to meet with local Fulbright scholar alumni to discuss how to improve the U.S. image in Argentina. He also visited the Mar Del Plata Naval Base, headquarters of Argentina's Atlantic fleet, and held an off-the-record session with the owner and editorial staff of Mar Del Plata's largest newspaper, La Capital.
END SUMMARY.

Private Sector Conclave Mulls Cristina's Next Steps

¶2. (U) The 43rd Annual Institute for the Business Development of Argentina (IDEA) conference, traditionally the largest single gathering of private sector leaders in Argentina, drew a record 800 attendees to Mar del Plata for a 3-day conference. Ambassador attended the November 7 opening dinner where former Brazilian President Cardoso addressed the "plague" of inflation and recounted Brazil's own successful efforts to deal with it. While Cardoso never referred directly to burgeoning inflationary pressures in Argentina, he made clear that this is an issue that the GoA would do well to address via the full range of macro-policy tools at its disposal. Ambassador also attended portions of the November 8 plenary session, where the head of Argentina's investment promotion agency, Beatriz Nofal, stressed the importance of a prompt GoA reconciliation with the Paris Club. She said Argentina is facing a unique opportunity to move from a stage of economic development to one of sustained growth, but she noted this will require renewed Argentine access to competitive sources of international financing. In that same session, IDB President Alberto Moreno reviewed the Bank's new lending initiatives in Argentina, including a move to support the development of a deeper mortgage lending market.

¶3. (SBU) Other key themes highlighted at the IDEA conference included likely U.S. foreign policy priorities in the next administration (addressed by former U.S. Deputy Secretary of State and current head of the Brookings Institute Strobe Talbott), the linkages between Argentine institutional weaknesses and corruption, and Argentina's energy supply problems.

¶4. (SBU) Businessmen took the opportunity of the meeting to speculate whether and how quickly president-elect Christina Fernandez de Kirchner would initiate needed economic policy changes to control inflation, encourage investment and address energy shortages. There was plenty of skepticism as well as hope in private conversations with the Ambassador had but very little concrete information among businessmen leaders.

¶5. (SBU) Sub-cabinet-level official Nofal was the most senior GoA official in attendance, as Christina Kirchner was attending the Ibero-American summit in Chile and her daughter's confirmation. Media reports of the conference noted the lack of senior minister-level GoA engagement at this forum and highlighted the defensive response of Cabinet Chief Alberto Fernandez to criticisms of GoA energy supply policies.

Mayor Daniel Katz

¶6. (SBU) At the IDEA colloquium, Ambassador had dinner with outgoing Mar del Plata Mayor and national congressman-elect Daniel Katz and his wife, Gabriela Bilevich. Katz had earlier been supportive of President Bush's visit to Mar del Plata, the seventh largest city in Argentina, for the 2005 Summit of the Americas. Katz, who is one of the so-called "K Radicals" who has publicly supported Kirchner over the past two years, was "excommunicated" from the Radical Party for his decision to run for Congress on the Kirchner-aligned, Peronist-led ruling Victory Front ballot. Katz expressed his affection for the U.S and said he hoped to work closely to strengthen bilateral ties.

Turning Around the U.S. Image: Views from the Seaside

¶7. (U) Ambassador hosted a lively November 8 breakfast roundtable discussion with nine local Fulbright Scholars from a broad range of academic, teaching, and artistic disciplines. The scholars came prepared to discuss how the U.S. image in Argentina could be improved and how they could further this effort by acting as good-will ambassadors. Ambassador opened the session with a review of polls that show that anti-American sentiment in Argentina is among the highest in Latin America and invited the participants to give their suggestions of how to address this. Many felt that the negative U.S. image stems from popular association of U.S. interests with those of the IMF, which the average Argentine blames for instigating the nation's devastating economic crisis of 2001/2. In addition, they felt that President Kirchner's incessant negative comments about the United States in the press have been damaging. All believed that more personal contact with Americans was needed and that increasing exchange programs, like the Fulbright program, was critically important. The scholars said that their time in the United States has positively influenced how they teach U.S. culture, government, and history. They suggested that by increasing teacher exchange programs, many more Argentine students will be exposed to a positive view of the United States.

¶8. (U) In addition, the group felt exchange programs work to destroy negative stereotypes. Referring to the fact that, in Argentina, Americans are seen as self-centered, arrogant and cold, and Argentines change their opinion of Americans once they get to know them, the group advocated for short- or long-term exchanges, either in the United States or in Argentina. Several commented on the importance of programs for high school-aged young people, since attitudes towards the United States are being formed at this time. One described an innovative exchange research program between Argentine and U.S. high school students who are emailing each other with questions about each other's culture, government, and history.

¶9. (U) The group also suggested that the embassy secure positive press for U.S. support of NGO projects, particularly in the area of health or education. Ambassador Wayne explained that the embassy is currently trying to obtain more resources to support teacher training and the distribution of English language teaching materials as well as increased youth exchanges. All participants were grateful

the Ambassador was interested in their opinions, and stated that they would email the Embassy's public affairs officers with additional suggestions.

Mar del Plata Naval Base

¶10. (SBU) Ambassador and Embassy Naval Attache visited the Mar Del Plata Naval Base, headquarters of the Argentine Atlantic Fleet and the only submarine base in Argentina. Ambassador and Attache was greeted with full honors by Rear Admiral Delfor Ferraris, Commander of the Atlantic fleet; Captain Daniel Alberto Enrique Martin, Commander of the submarine force; and Captain de Frigata Gustavo Piccardo, Director of the Submarine and Divers School. Captain Martin led a tour of the ARA Salta, a type 209 submarine built in Germany, and of the base's submarine and divers school. No training classes were in session during the visit and it appeared that the submarine and diving school is underutilized. Admiral Ferraris expressed interest in conducting exercises while the aircraft carrier USS George Washington is passing through Argentine waters on May 5-6.

Off-the-Record Press Event at La Capital

¶11. (SBU) Ambassador engaged in a frank, off-the-record discussion with La Capital owner Florencio Aldrey Iglesias and three of the paper's editorial staff. The century-old newspaper is the biggest and most influential in Mar del Plata. Aldrey also owns the daily La Prensa in Buenos Aires and runs seven local radio stations and a cable TV channel. Aldrey said that he has complete trust in the Governor-elect of Buenos Aires Province, current Vice-President Daniel Scioli, who recently won 48% of the provincial vote. At the same time, he voiced his disappointment in Mayor Katz, whom he charged had abandoned his city to run for a National Deputy position

on the Kirchner administration's Victory Front ticket. The group discussed two key issues facing Mar del Plata - the sale and consumption of the inexpensive cocaine processing derivative drug known as Paco and rampant crime. The beach resort city, which doubles in size from 500,000 to one million during the Argentine summer months of January through March, struggles to provide work or services for the temporary workers who remain after the season. The city is growing quickly without adequate urban planning, and the police force has not received adequate resources or training to handle the population surge and growing drug problem.

¶12. (U) Ambassador discussed La Capital's headline story that day about Interpol's arrest warrants for six Iranians in connection with the 1994 bombing of the Buenos Aires Jewish community center. Aldrey expressed satisfaction with the Argentine judicial system's efforts to bring justice to those responsible for the AMIA attack. Participants also discussed the poor U.S. image in Argentina, and the persistent allegation that the USG is trying to control the waters of South America. Aldrey was hopeful that U.S.-Argentine relations will improve under the new administration, noting the good opportunities for cooperation and collaboration. La Capital journalists expressed concern about the stability of democratic and economic institutions in an incoming Cristina Fernandez de Kirchner administration, noting that "absolute power corrupts absolutely."

WAYNE